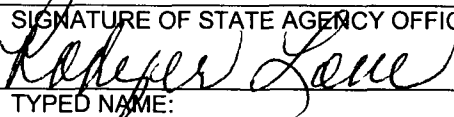



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DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 02 - 11	2. STATE: TEXAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: November 1, 2002	
		5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)	
6. FEDERAL STATUTE/REGULATION CITATION:		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2003 \$ -0- b. FFY 2004 \$ -0-	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT	
10. SUBJECT OF AMENDMENT: Amendment 630 clarifies that the payments for home health professional services will be made in accordance with 3a and 3a.1 of section 4.19-B of the State Plan.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Sent to Governor's Office this date. Comments, if any, will <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL be forwarded upon receipt.			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Rodger Love Interim State Medicaid Director Post Office Box 13247 Austin, Texas 78711	
13. TYPED NAME: Rodger Love			
14. TITLE: Interim State Medicaid Director			
15. DATE SUBMITTED: December 30, 2002			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 10 JANUARY 2003		18. DATE APPROVED: 10 FEBRUARY 2003	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 NOVEMBER 2002		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: ANDREW A. FREDRICKSON		22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR DIVISION OF MEDICAID & CHILDREN'S HEALTH	
23. REMARKS:			

Attachment to Blocks 8 & 9 to HCFA Form 179

Transmittal No. TN 02-11, Amendment No. 630

Number of the
Plan Section or Attachment

Attachment 4.19-B
Page 3a
Page 3a.1

Number of the Superseded
Plan Section or Attachment

Attachment 4.19-B
Page 3a (TN 00-20)
New

8. Reimbursement Methodology for Home Health Services.

(a) Reimbursement methodology for services provided by a home health agency.

(1) Except for expendable medical supplies and DME, authorized home health services provided for eligible Medicaid recipients are reimbursed the lesser of:

- (A) the amount billed to Medicaid by the agency; or
- (B) the fee established for the specific authorized home health service and published as part of a fee schedule developed by the single state agency in accordance with paragraph (2) of this subsection.

(2) The single state agency will establish a fee schedule for Medicaid-reimbursable therapy, nursing, and aide services provided by a home health agency in accordance with this paragraph.

(A) The single state agency bases the initial fee schedule upon an analysis of providers' Medicaid payments for providing Medicaid-reimbursable therapy, nursing, and aide services.

(B) The single state agency calculates a Weighted Average Rate (WAR) for the initial fee schedule developed under this paragraph.

(i) The WAR is based on a representative sampling of Medicaid payments to "high-volume" Medicaid providers for therapy, nursing, and aide services that are eligible for reimbursement by Medicaid. For purposes of this paragraph, a "high-volume" Medicaid provider is a provider that is identified in the top 45% of Medicaid payments for these services for the most recent six months of available data.

(ii) The single state agency averages the sampled Medicaid payments received by all high-volume providers for a specified home health service. The single state agency weights the average Medicaid payment by the total number of services reimbursed by Medicaid in this sample. The single state agency applies the weighted average rate to the fee schedule.

(C) Following development of the initial fee schedule, the single state agency will conduct an analysis no later than December 31, 2004. The single state agency will conduct an analysis that will include, but not be limited to, payments for as well as the costs associated with providing these Medicaid-reimbursable therapy, nursing, and aide services at least every four (4) years thereafter. The single state agency will seek input from contracted home health services providers and other interested parties in performing this analysis.

Superseded By TX 00-20

STATE <u>Texas</u>	A
DATE REC'D <u>1-10-03</u>	
DATE APP'D <u>2-10-03</u>	
DATE EFF <u>11-1-02</u>	
HCFA 179 <u>TX 02-11</u>	

- (b) Reimbursement methodology for expendable medical supplies provided by enrolled home health agencies and DME providers/suppliers. Participating providers are reimbursed the maximum allowable fee for expendable medical supplies established by the single state agency. The maximum allowable fee is based upon the lesser of the following:
- (1) billed amount;
 - (2) the Medicare fee schedule (in place prior to October 1, 2000);
 - (3) the expendable medical supply acquisition fee as determined by the single state agency by periodic sampling of suppliers or from information provided in manufacturer's publications, whichever is lesser.
- (c) Reimbursement methodology for durable medical equipment provided by enrolled home health agencies and DME providers/suppliers. Participating providers are reimbursed the maximum allowable fee for durable medical equipment established by the single state agency. The maximum allowable fee for durable medical equipment is based on the lesser of the following:
- (1) the billed amount;
 - (2) the durable medical equipment acquisition fee, which is based upon the manufacturer's suggested retail price minus a discount;
 - (A) the manufacturer's suggested retail price is the listed price that the manufacturer recommends as the retail selling price;
 - (B) the discount from the manufacturer's suggested retail price is determined from the total discount that vendors receive from manufacturers. The initial value of the discount shall be 18%. Therefore, the single state agency is responsible for periodically conducting a representative sample by which a discount is determined. Participating providers must, upon written request, provide necessary information needed to determine the discount. The discount shall be reviewed at least every 5 years. If no discount is provided, the incurred cost to the dealer plus a percentage to be determined by the single state agency.
 - (3) the Medicare fee schedule.

Exception: Payment for insulin syringes and needles obtained by a physician's prescription from a participating pharmacy will be made in accordance with the reimbursement methodology outlines in Attachment 4.19-B, Item H, pages 2j and 2k.

STATE <u>Texas</u>	A
DATE REC'D <u>1-10-03</u>	
DATE APP'D <u>2-10-03</u>	
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HCFA 179 <u>TX 02-11</u>	